



National Bank of Kuwait
Investor Presentation
3Q 2019 Earnings Call

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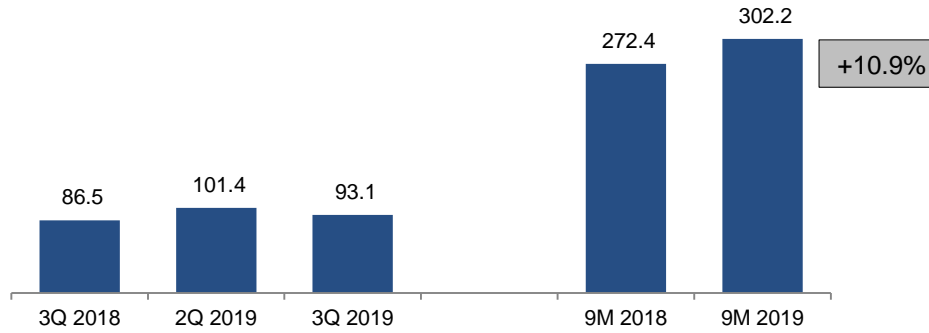
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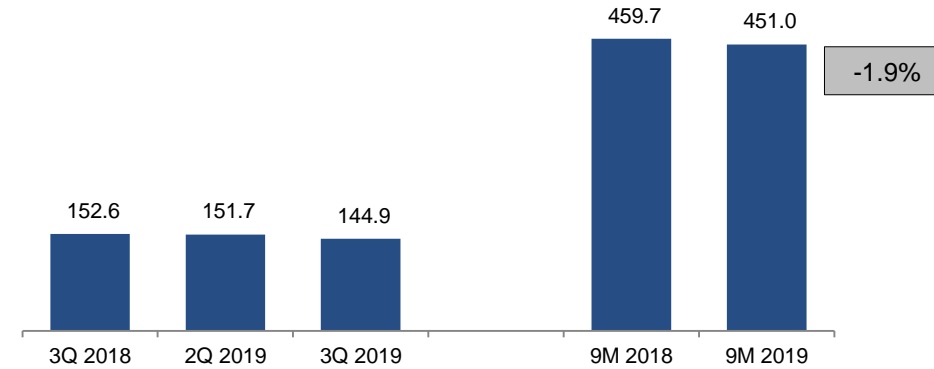
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Operating Performance 9M 2019

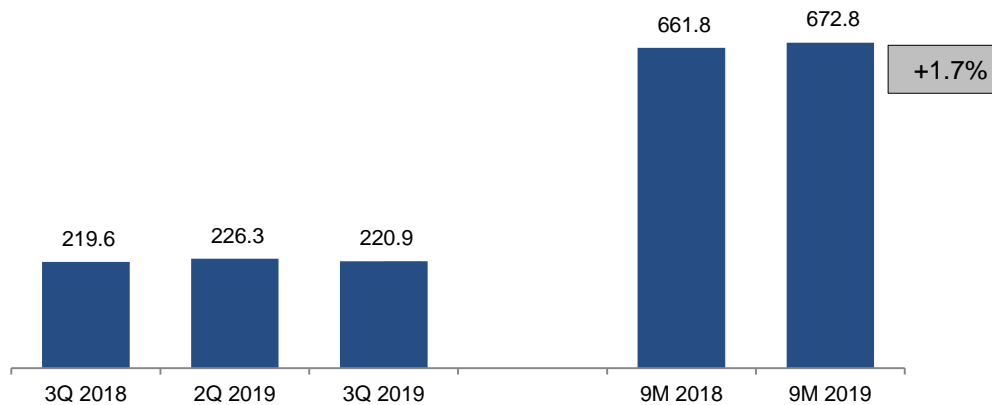
Net Profit (KDM)



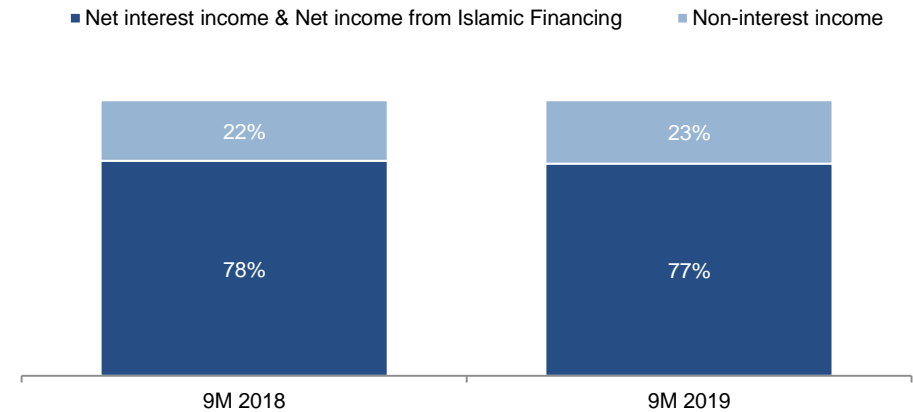
Operating Surplus (KDM)



Operating Income (KDM)

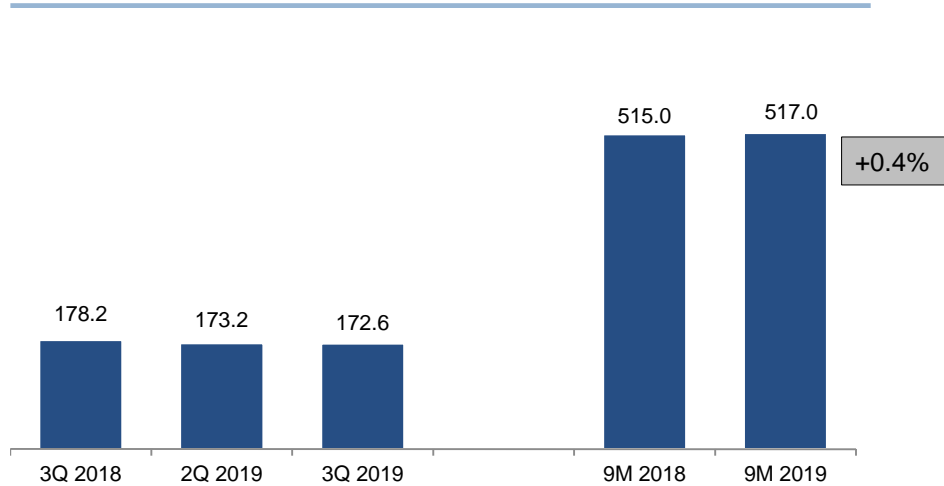


Operating Income

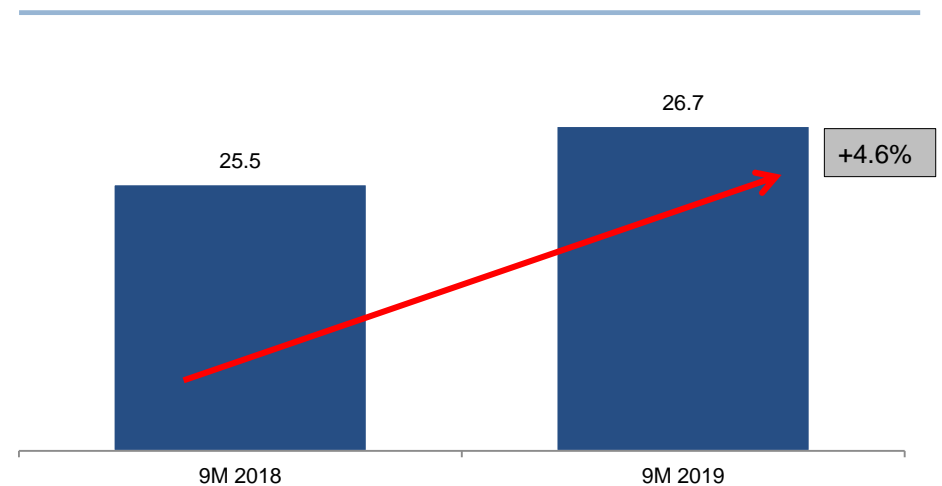


Operating Performance 9M 2019

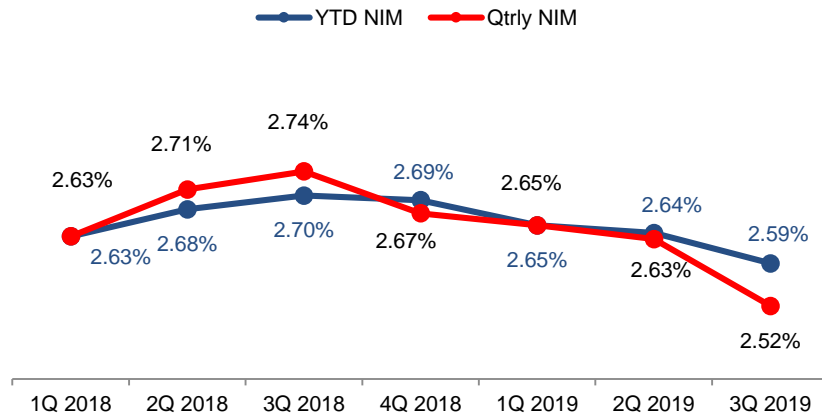
Net Interest Income (KDM)



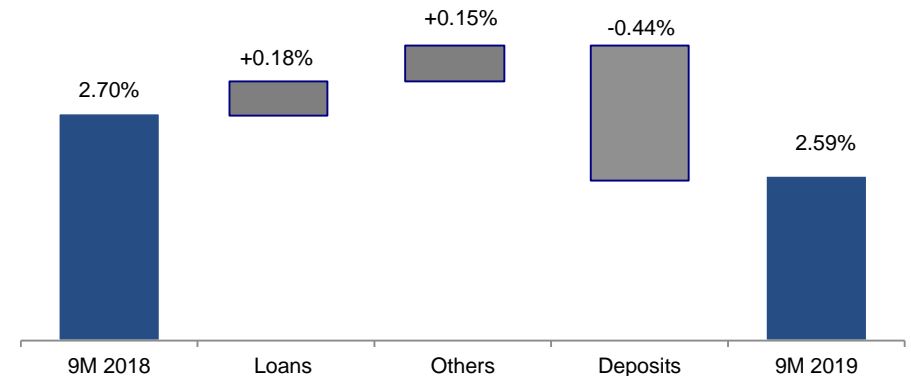
Average Interest Earning Assets (KDbn)



Net Interest Margin*

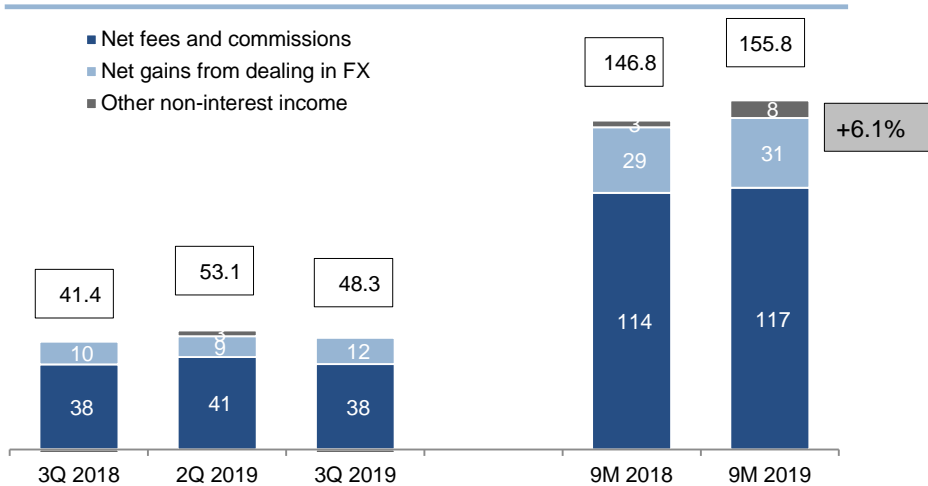


Net Interest Margin drivers

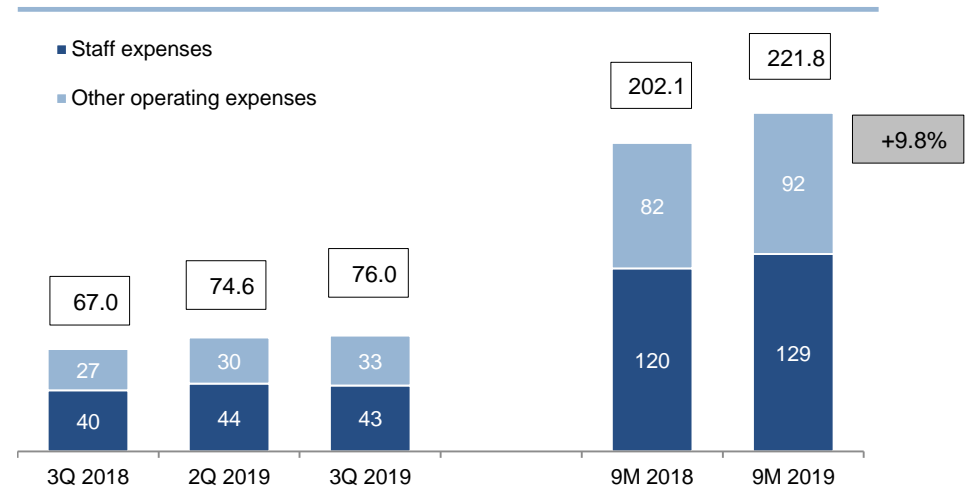


Operating Performance 9M 2019

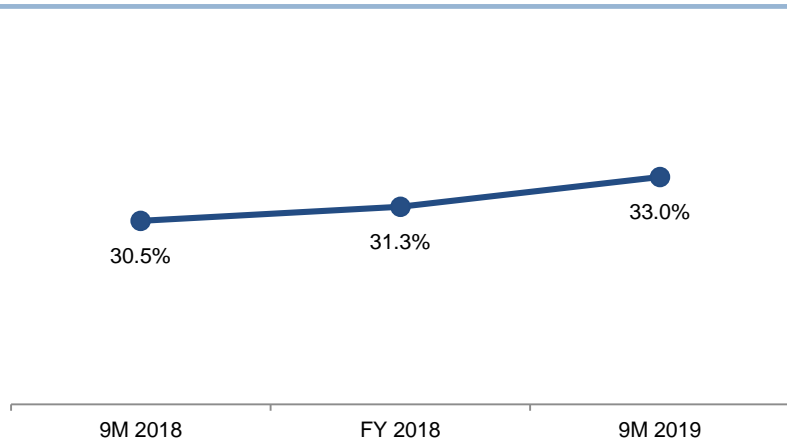
Non-interest income (KDM)



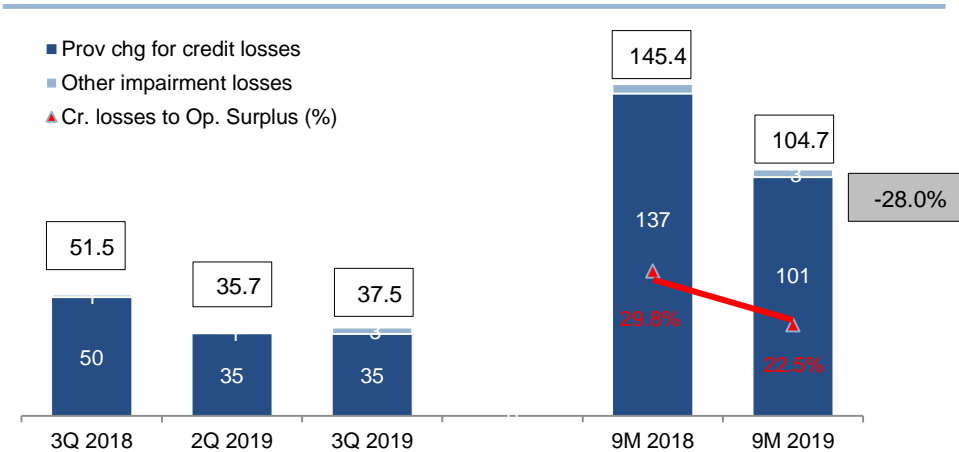
Operating Expenses (KDM)



Cost to Income ratio

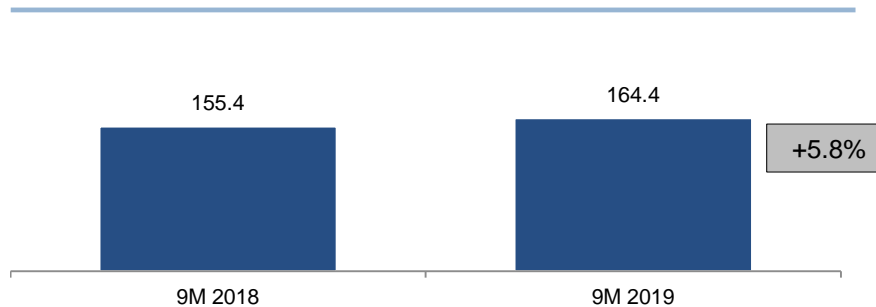


Provisions and Impairments (KDM)

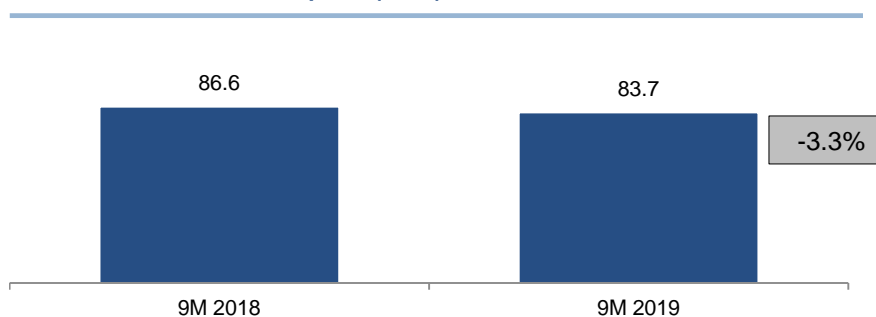


Operating Performance 9M 2019

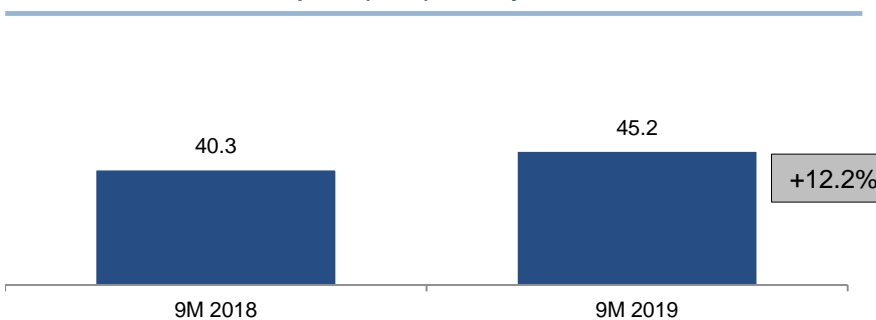
Operating Income (KDm) - International



Net profit (KDm) - International



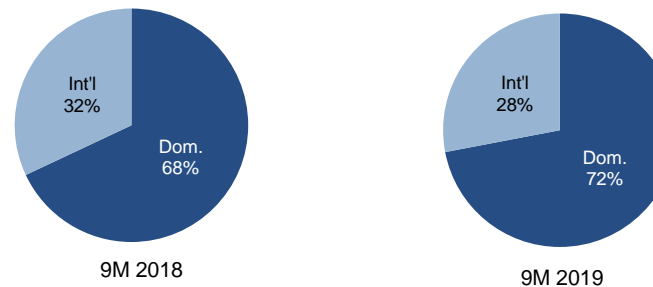
Net profit (KDm) - Boubyan Bank



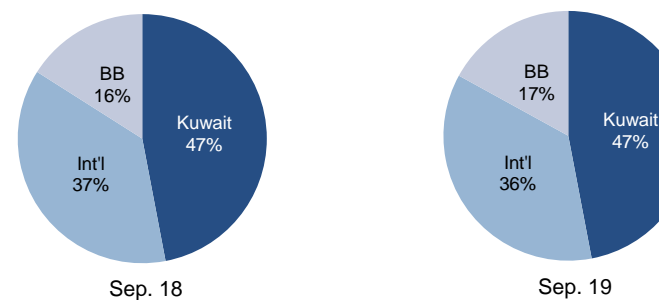
Operating Income (KDm)



Net Profit (KDm)

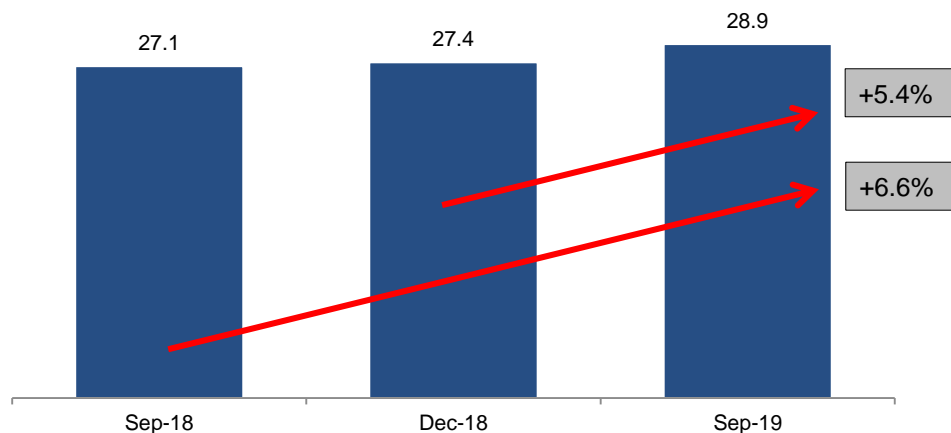


Total Assets (KD'bn)

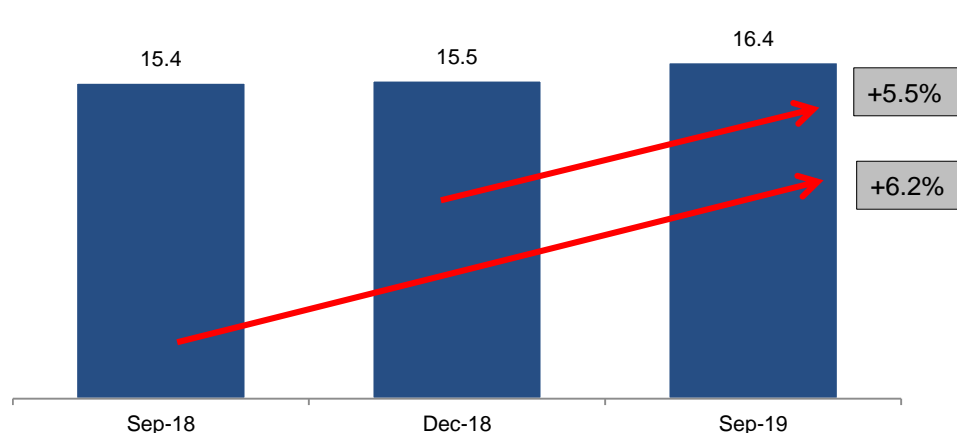


Operating Performance 9M 2019

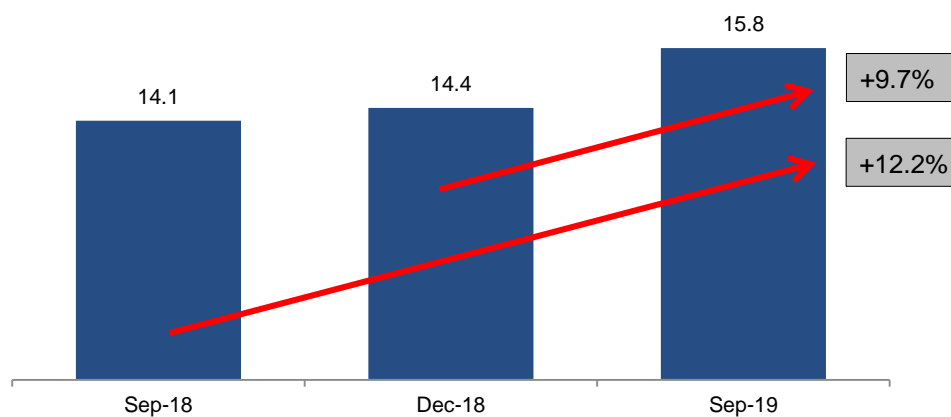
Total Assets (KDbn)



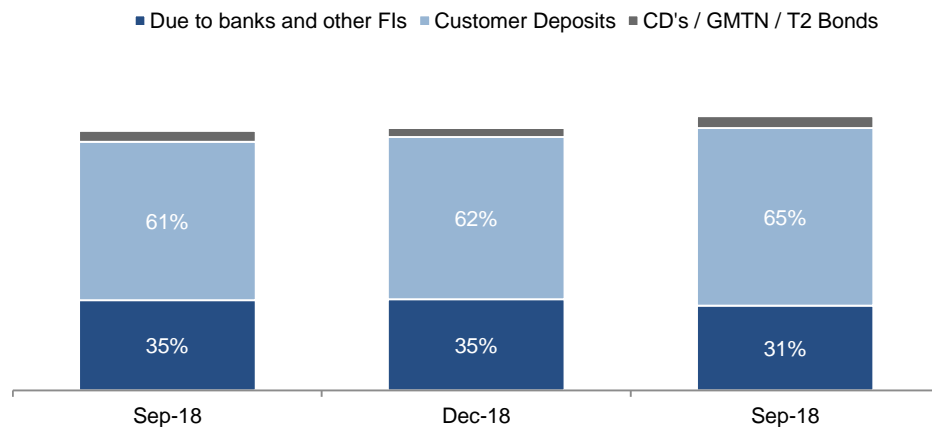
Loans, Advances and Islamic Financing (KDbn)



Customer Deposits (KDbn)

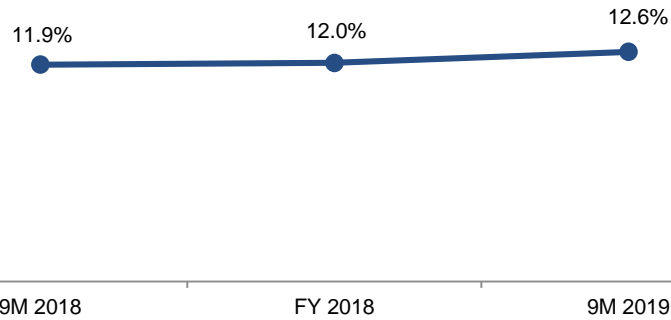


Funding Mix

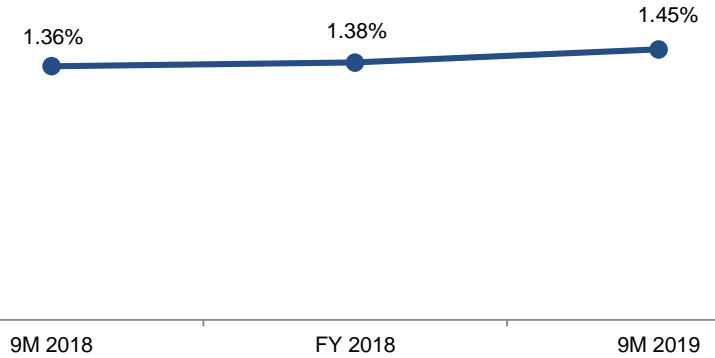


Performance and Asset Quality ratios 9M 2019

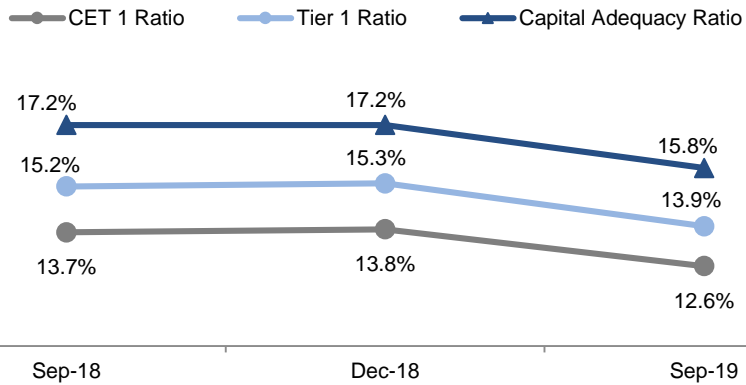
Return on Average Equity



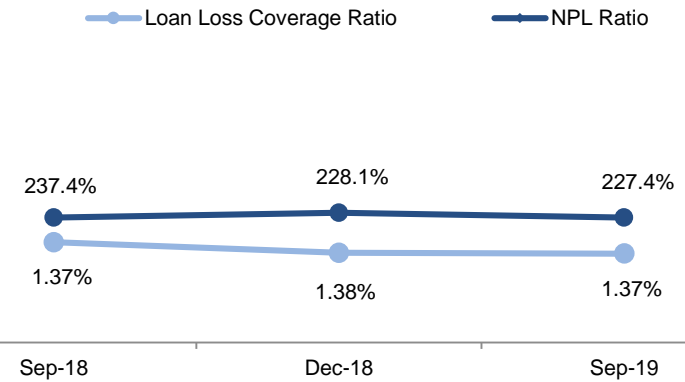
Return on Average Assets



Capital Adequacy Ratios



Asset Quality Ratios



2019 Guidance

	9M 2019	2019 Guidance
Loan Growth	+5.5% ytd	MID HIGH TO HIGH SINGLE DIGIT
NIM	2.59%	TIGHTENING
Cost to Income ratio	33.0%	BROADLY STABLE
Cost of Risk	82bps	BROADLY STABLE
Earnings	+10.9% yoy	MAINTAIN TREND

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Consolidated Financials 9M 2019 (KWD million)

<i>Income Statement (KWD million)</i>	9M-18	9M-19	YoY Growth (%)	<i>Balance sheet (KWD million)</i>	Sep-18	Sep-19	YoY Growth (%)
Interest Income	658	741	13%	Cash and short term funds	2,944	3,580	22%
Interest Expense	236	315	34%	Central Bank of Kuwait bonds	798	825	3%
Net Interest Income	422	426	1%	Kuwait Government Treasury bonds	868	709	(18%)
Murabaha and other Islamic financing income	137	155	14%	Deposits with banks	2,306	2,170	(6%)
Distribution to depositors and Murabaha costs	43	64	48%	Loans, advances and Islamic financing to customers	15,407	16,359	6%
Net Income from Islamic financing	93	91	(2%)	Investment securities	3,566	3,996	12%
NII and NI from Islamic financing	515	517	0%	Investment in associates	34	33	(1%)
Net fees and commissions	114	117	2%	Land, premises and equipment	352	422	20%
Net investment income	1	7	377%	Goodwill and other intangible assets	580	583	1%
Net gains from dealing in foreign currencies	29	31	6%	Other assets	270	232	(14%)
Other operating income	2	1	(39%)	Total Assets	27,126	28,909	7%
Non-interest income	147	156	6%	Due to banks and other financial institutions	8,010	7,505	(6%)
Net Operating Income	662	673	2%	Customer deposits	14,070	15,787	12%
Staff expenses	120	129	8%	Certificates of deposit issued	620	697	12%
Other administrative expenses	69	71	3%	Global Medium Term Notes (GMTN)	216	229	6%
Depreciation of premises and equipment	11	19	76%	Subordinated Tier 2 bonds	125	125	0%
Amortisation of intangible assets	2	2	3%	Other liabilities	446	651	46%
Operating Expenses	202	222	10%	Total Liabilities	23,486	24,993	6%
Pre-provision profits (and impairments)	460	451	(2%)	Share capital	621	652	5%
Provision charge for credit losses and impairment losses	145	105	(28%)	Proposed bonus shares	-	-	NM
Operating profit before taxation	314	346	10%	Statutory reserve	296	311	5%
Taxation	25	26	7%	Share premium account	803	803	0%
Non-controlling interest	17	18	3%	Treasury shares	(65)	(45)	(31%)
Profit attributable to shareholders of the Bank	272	302	11%	Treasury share reserve	14	23	63%
				Other reserves	1,437	1,572	9%
				Equity attributable to shareholders	3,106	3,316	7%
				Perpetual Tier 1 Capital Securities	211	211	0%
				Non-controlling interests	323	389	21%
				Total equity	3,639	3,916	8%
				Total liabilities and equity	27,126	28,909	7%

Performance Measures 9M 2019

%	9M 2018	9M 2019
Return on average assets	1.36%	1.45%
Return on average equity	11.9%	12.6%
Net interest margin	2.70%	2.59%
Cost to income	30.5%	33.0%
NPLs to gross loans	1.37%	1.37%
Loan loss reserves to NPLs	237.4%	227.4%
Tier 1 capital	15.2%	13.9%
Tier 2 capital	2.0%	1.9%
Capital adequacy ratio	17.2%	15.8%




Consolidated Statement Of Income *(KWD million)*

<i>KWD million</i>	2016	2017	2018
Interest Income	665	743	897
Interest Expense	190	224	331
Net Interest Income	476	519	566
Murabaha and other Islamic financing income	128	156	186
Finance cost and Distribution to depositors	34	46	62
Net Income from Islamic financing	94	110	124
Net interest income and net income from Islamic financing	570	629	690
Net fees and commissions	133	139	150
Net investment income	6	20	2
Net gains from dealing in foreign currencies	35	34	39
Other operating income	1	2	1
Non-interest income	176	194	193
Net Operating Income	745	823	883
Staff expenses	144	154	160
Other administrative expenses	87	93	99
Depreciation of premises and equipment	16	15	15
Amortisation of intangible assets	4	3	3
Operating Expenses	252	265	276
Op. profit before provision for credit losses and impairment losses	493	557	607
Provision charge for credit losses	126	175	169
Impairment losses	27	13	10
Operating profit before taxation	341	369	427
Taxation	29	27	33
Non-controlling interest	17	20	23
Profit attributable to shareholders of the Bank	295	322	371

Consolidated Statement Of Financial Position (*KWD million*)

<i>KWD million</i>	2016	2017	2018
Cash and short term funds	2,687	2,744	2,967
Central Bank of Kuwait bonds	749	656	810
Kuwait Government treasury bonds	493	1,076	872
Deposits with banks	2,408	2,488	2,364
Loans, advances and Islamic financing to customers	13,611	14,503	15,503
Investment securities	3,178	3,349	3,678
Investment in associates	74	63	31
Land, premises and equipment	255	324	363
Goodwill and other intangible assets	582	582	579
Other assets	201	250	260
Total Assets	24,239	26,035	27,428
Due to banks and other financial institutions	7,348	7,469	8,090
Customer deposits	12,608	13,780	14,389
Certificates of deposit issued	416	491	451
Global medium term notes (GMTN)	-	221	220
Subordinated Tier 2 bonds	125	125	125
Other liabilities	337	388	451
Total Liabilities	20,834	22,474	23,727
Share capital	564	592	621
Proposed bonus shares	28	30	31
Statutory reserve	282	296	311
Share premium account	803	803	803
Treasury shares	(78)	(78)	(65)
Treasury share reserve	14	14	14
Other reserves	1,272	1,373	1,449
Equity attributable to shareholders of the bank	2,885	3,029	3,163
Perpetual Tier 1 Capital Securities	211	211	211
Non-controlling interests	309	321	327
Total equity	3,405	3,561	3,701
Total liabilities and equity	24,239	26,035	27,428

Stable Credit Ratings

Rating Agency	Long-term Rating	Standalone Rating	Outlook	Key Rating Drivers
	Aa3	a3	Stable	<ul style="list-style-type: none"> • Dominant domestic position • Resilient profitability and growth outlook • Robust asset quality, capitalization and liquidity
	A+	a-	Stable	<ul style="list-style-type: none"> • Leading position in Kuwait • More diversified business model • Exceptional asset quality and capitalization
	AA-	a-	Stable	<ul style="list-style-type: none"> • Leading franchise • Diversified business model and strong management team • Strong asset quality, solid capitalization and stable funding and liquidity

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Questions

Thank You

A large, stylized graphic of a globe dominates the left and center of the slide. The globe is rendered in shades of red and blue, with white grid lines representing latitude and longitude. The globe is tilted, showing the Middle East and parts of Africa and Europe. The background features several thin, white, curved lines that sweep across the slide, creating a sense of motion and connectivity.

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